Non-discrimination in an Elite Labour Market: Job Placements at the Indian Institute of Management - Ahmedabad

Sujoy Chakravarty
Indian Institute of Technology, Delhi

and

E. Somanathan
Indian Statistical Institute, Delhi

Abstract: Using data on the IIM-Ahmedabad's 2006 batch of MBA graduates, we find no evidence of discrimination against minorities by employers in campus placements. Controlling for work experience and GPA, there is no wage penalty to being female, or of belonging to a Scheduled Caste or Tribe (SC/ST). Moreover, unlike the case in US labour markets, there is no wage premium to being more attractive, where attractiveness was measured in the standard manner by anonymous ratings of passport-type photographs by twenty raters. Depending on the exchange rate used, SC/ST graduates may get slightly lower wages than those in the general category possibly due to lower GPA's stemming from their, on average, weaker incoming academic records. The small size of this wage penalty suggests that the impact of reservations for SC/ST candidates on the IIM's "product" is small (at least at the start of the graduates' careers), despite the large size of the reservation and the significantly lower incoming marks of SC/ST candidates. It also suggests that the stagnation of the percentage of women at 15% over the last 18 years could be corrected at little cost to the IIM by positive discrimination at the margin in favour of women.